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ED/EC M-260

July 31, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m., Thursday, July 25, 1957
Room 1213 Maiatico

Attendance

MDAC

Mr. Hale, Chairman
Mr. Kramer, Executive Secretary
Mrs. Lese, Committee Secretary

CIA

Mr. [REDACTED]
Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Colonel Green

ICA

Mr. Slaght

State

Mr. Henderson
Mr. Hamilton
Mr. Knoll
Mr. Mark

Treasury

Mr. Sommerfield

Agenda

Note a. Norwegian Aluminum

1. IL II Quotas for China. [REDACTED] 25X1A2g
2. Consideration of Second Revision Economic Defense Policy (EDAC D-135/1a).
3. Requirements for EDAC under Para. 3(b) (1) and (2) of the JCS Memo, attached to EDAC D-135.

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Note a: Norwegian Aluminum.

The Chairman informed the committee that he had recently approved a joint agencies telegram to our Embassy in Norway (Emb/Oslo A-3). He explained that some time ago we gave assistance to Norway and agreed to accept in repayment aluminum for the stockpile. Now the stockpile authorities have asked to be released from this commitment. The message to the Embassy asked whether this will cause problems for the Norwegian Government and, further, what the U.S. should do. The Chairman indicated that he had made the point that before a decision was made by the U.S. the matter would have to go to EDAC. It was his judgment under the Mutual Security Act that if they said anything to the Norwegian Government about this it would force the Norwegians to insist on a big COCOM/CHINCOM quota. He said he made sure that the language of the outgoing was very clear, that it was directed to the Embassy, and no officials of the Norwegian Government were involved.

1. IL II Quotas for China.

25X1A2g

Decision

The Executive Committee agreed to the transmittal of new instruction to the USDEL for the negotiation of the remaining disagreed items (see [REDACTED] 7/25/57).

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Discussion

25X1A2g At the request of the State member the Committee directed its attention to [REDACTED] which outlined the CHINCOM discussion of unresolved items. The State member offered the Department's adjusted quota position on each item for the members' consideration, comments and/or approval.

With regard to item 2001-2074 (machine tools) on which State suggested a \$1,250,000 unallocated quota, the Defense member was of the view that acceptance of that quota would have to be a political and not a security decision. He said that \$1,250,000 is not security control.

With regard to item 2568 (electronic controlling units), State recommended acceptance of proposed global quota of \$24,000 with one-third drawdown. The Defense member recommended that negotiation be attempted at \$20,000 and if that fails, the Del should go to \$24,000 to settle.

The Chairman referred to a conversation with the Chairman of EDAC with regard to copper wire in which he stated that he felt it would be unwise to move into COCOM

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with this problem at this time and felt if we waited for due process the outcome might be different. He indicated, though, that if it was the mature judgment of State and other agencies that we should introduce the item in COCOM now, he would withdraw his view and not stand in the way of such action.

2. Consideration of Second Revision Economic Defense Policy (EDAC D-135/1a).

Decision

The Chairman would draft for presentation and consideration at the EC meeting of Monday, July 29, a transmittal explaining the changes in this revised draft policy statement and explaining the work program for paragraph 9 attached thereto.

CIA would submit for EC consideration a presentation of available information in one category in the form they consider most suitable to our needs.

Defense will submit a paper considering one category and the items presently under control.

Discussion

The Chairman informed the committee that the Policy Statement (and work program for paragraph 9) had been revised as agreed at the meeting of July 23 (ED/EC M-259). Before presenting it to EDAC he wanted to give those members most vitally interested in it the opportunity to examine it and make certain that it reflected the views previously stated.

With regard to paragraph 23, he explained it to mean that if, at any time in the future, there is an internationally agreed differential list toward Communist China it also, as appropriate, will become a Battle Act list.

In response to the Chairman's requests for comments, the CIA member indicated that he has had difficulty understanding the directive to his agency involving the work program on paragraph 9.

The Chairman responded that the Work Program in support of paragraph 9 was to develop a U. S. position to carry out the policy reflected in that paragraph. Regardless of which alternative paragraph 9 is chosen, this work program would apply.

Following extensive discussion on this matter the CIA member indicated he would select one category and make a presentation, for the consideration of the EC, of the information available in a manner which they consider most suitable to the needs of the Executive Committee. The Department of Defense member also indicated that he was working on a paper which would consider categories and items presently under

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control--taking into consideration Communist China's requirements. This would be submitted through WG I. Pending receipt of this WG I would suspend list review activities except for discussions on the type of papers they should submit.

3. Requirements for EDAC under Paragraph 3(b) (1) and (2) of the JCS Memo, attached to EDAC D-135.

Decision

The Chairman would draft, for presentation and consideration at the meeting of Monday, July 29, 2:00 p.m., a letter of transmittal containing recommendations on the points under JCS paragraphs 3(b) (1) and (2).

Discussion

The Chairman remarked that because of the late hour we would not have time today to consider the subject paragraphs of the JCS Memo on which EDAC must make recommendations.

The Defense member said that Mr. Sanderhoff, State, has prepared a report to WG III on points (3) and (4) of JCS 3(b). An ad hoc working team of the JCS has shown an interest in this matter and as a result will work with Mr. Sanderhoff on a joint paper by Defense and State which will be ready on Friday, July 26. He inquired whether this paper should go through WG III or come direct to the Executive Committee.

The State member replied that it should go through WG III.

The Chairman said that the report could be put out as a WG III Document.

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